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SENSITIVE

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SUBJECT: GUILTY UNTIL PROVEN INNOCENT--WAITRESS STILL IN JAIL FOR ALLEGED TAX EVASION

REF: YEREVAN 369

Sensitive But Unclassified. Please protect accordingly.

¶1. (SBU) On June 10 an Armenian first instance court extended for the fourth time the pretrial detention of pizzeria waitress Anush Ghavalian, allowing the law enforcement bodies to keep her imprisoned until June 30. A widow and mother of two, the 36-year-old Ghavalian was arrested on March 21 under charges of tax evasion (reftel). She was employed at the Pizza di Roma restaurant chain, owned by fugitive oligarch and MP Khachatur Sukiasian.

¶2. (SBU) According to her relatives and lawyer, the authorities are trying to extract from Ghavalian incriminating evidence that will help them prosecute the director of the restaurant, who was jailed last October during the authorities' crackdown on the businesses belonging to the Sukiasian family after Khachatur Sukiasian publicly supported the Presidential candidacy of Levon Ter-Petrosian (LTP). She claims that investigators have offered to release her if she will provide incriminating testimony against Sukiasian and the restaurant manager.

¶3. (SBU) The authorities continue to maintain that Ghavalian worked as a treasurer and not as a waitress, even though Ghavalian claims to have many witnesses who can confirm her work as a waitress. While the investigation is in progress, the opposition is trying to distance itself from this case in order to give Ghavalian a chance for release.

¶4. (SBU) As we noted in reftel, for Ghavalian to have engaged in the tax fraud alleged, the restaurant would have needed to gross about USD 12 million - perhaps ten times the restaurant's actual revenue - over a six-month period. Sukiasian's companies also occupy the leading ranks of Armenia's taxpayers, well ahead of several more prominent oligarchs.

COMMENT

¶5. (SBU) Given the magnitude of the alleged offense relative to the ability to have carried it out, this is perhaps one of the more absurd and clearly retaliatory cases the GOAM has pursued in the post-crackdown period, and suggests the GOAM is not seriously trying to disguise the political motivation of its actions. Given Ghavalian's personal situation - with two minor children and an ailing mother - and no prior criminal record, this would seem to be an easy case for the GOAM to earn itself some much-needed goodwill from the international community by at least releasing her on bail. Yet the court, for all intents a puppet of the Procuracy, has continued to grant requests to extend her detention.

PENNINGTON